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MEMORANDUM FOR: Members of GEHA Board

SUBJECT : Agenda for GEHA Board Meeting

1. A meeting of the Board of Directors of GEHA will be called next week. The meeting is called specifically to consider the board position on certain topics set forth herein.

2. On 1 July the Steering Committee of the GEHA Board met with [] Office of General Counsel, to hear his report on his meeting with the General Counsel of Omaha. The Steering Committee then agreed that the time for action on the status of incorporation of GEHA had arrived and a program in this regard is set forth. Further, the Steering Committee felt that the time had also arrived when the Board should make a decision on the disposition of "return premiums" from UBLIC. Accordingly, the following information is set forth for consideration by the Board Members for discussion at its next meeting.

a. 75% Membership Requirement for Life Insurance

The General Counsel of Omaha stated that he was not concerned with the 75% rule as set forth in Title 35, Section 710 of the District Code as he felt this statute was not aimed at the type of situation existent in GEHA. The General Counsel further advised that if District authorities should challenge Omaha for issuing a contract wherein the 75% rule was not met, Omaha would simply, at that point, undertake whatever action was deemed necessary by the District authorities. As the board members will recall from a previous meeting, the onus of meeting this requirement falls upon the insurance company issuing the insurance policy rather than the group organization such as GEHA to whom the policy was issued. It was the consensus of the Steering Committee

that GENIA should ignore the 75% rule requirement at this time and proceed with efforts to amend our charter of incorporation. If in the future the essence of this rule is raised by the District authorities, the Board can, at that time, consider what action would be appropriate.

b. Amending the Charter of Incorporation of GENIA

As the Board will recall the Superintendent of Corporations, District of Columbia, informally refused to accept the proposed amendment covering the "purpose of the organization" of the charter of incorporation of GENIA. The Steering Committee felt that the Board should authorize the General Counsel to proceed with direct negotiation with the Superintendent of Corporations to amend our charter of incorporation. It was further felt that we might as well face this issue "head on" and officially and formally determine the position of the District Government. In the event the Superintendent of Corporation still refuses to accept our proposed amendment it is then planned that we deal directly with the Corporation Counsel, District of Columbia, and obtain an official ruling on our status. The Board will recall that the proposed amendment to our charter authorized us to carry a life insurance program. We are also considering a complete rewording of the section "Purpose of Organization" which will be stated in broad general terms and will of course authorize all forms of insurance. At the same time such a rewording will more properly put us within the definition of a charitable organization as contained under this section of the code.

c. Distribution of Premium Returns

The Steering Committee considered the fact that premium returns are piling up and that no action has been taken to effect distribution of these return premiums. It was further felt that the Board can be criticized in this regard and that prompt action should be taken. In a meeting of the GENIA Board of Directors of 26 November 1957 the

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